



# COMMONWEALTH of VIRGINIA

Department of Taxation  
Richmond, Virginia 23282

## MEMORANDUM

TO: Patti Higgins  
Information Services Division

DATE: November 24, 1987

RE: Interest on Refunds Delayed  
by Set-Off Debt Collection

This will answer your recent questions on the computation of interest on refunds that are delayed under the set-off debt collection program.

## VIRGINIA LAW

§ 58.1-1833 of the Code of Virginia provides that interest on overpayments of tax "shall accrue from a date sixty days after payment of the tax, or sixty days after the last day prescribed by law for such payment, whichever is later, and shall end on a date determined by the Department preceding the date of the refund check by not more than thirty days."

## COMPUTATION OF INTEREST NORMALLY

Under the above statute, interest on individual income tax refunds should normally be computed starting sixty days after the May 1 due date (or the date the return is filed, if later than May 1) and ending on the date that the refund is authorized. This differs from present operating policy, which is to start the computation of interest ninety days after the May 1 due date or the date of filing.

## COMPUTATION OF INTEREST ON SET-OFF REFUNDS

Notwithstanding the provisions of § 58.1-1833 of the Code of Virginia, interest will not be paid to claimant agencies or to taxpayers when refunds are delayed under the set-off program.

MEMORANDUM

Patti Higgins

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If you have any questions, please let us know.

*Danny M. Payne*

Danny M. Payne, Director  
Tax Policy Division

APPROVED:

  
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W. H. Forst  
Tax Commissioner